



Bird's eye view: Air BP is a supplier and sponsor of the world-famous RAF Red Arrows jet aerobatic display team.

Reach for the skies

Despite the turbulent events affecting the aviation industry in recent times, 2004 was Air BP's most profitable year in its history. IAN VALENTINE talks to the Air BP team about their achievements.

The Noughties have been a desperate decade for the aviation industry. When one thinks back to the boom-time of the late Eighties and Nineties, when air travel took off with the rise in package holidays and affordable flights, such a change in fortune was unimaginable. As the world became a smaller place, so our horizons were broadened like no other era, and the future looked assured for those in the flying game.

But in the last five years, after the pride in these advances, came the fall from dizzy heights with the industry cut at its knees by a series of disastrous events. September 11th, the second Iraq War, SARS, high oil prices and a weak dollar all conspired to send so many airlines to the brink. So how can it be, that in the face of all these crippling setbacks, 2004 was Air BP's most successful year in its 78 year history?

"Those five dilemmas have been described as the Five Horses of the Apocalypse for the aviation industry," says David Coleman, strategy and performance director of Air BP, who helped mastermind the plan to weather the storm. Of the five, September 11th was the tragedy that shook the

Momentous event: The after-shock of the terrorist attack in New York on September 11th 2001 brought many airlines to the brink; below, Air BP refuels an acrobatics plane used for airshow demonstrations.



industry to its core and David Coleman, like so many others, remembers watching the events unfold in shock.

“My immediate reaction to 9/11 was one of emotion and disbelief, not business. But when all the flights were cancelled the next day, we had to find a way of halting the delivery of fuel to the airports – that was a logistical challenge, for sure. It forced us to go back to basics and enter a period of consolidation. The company has since emerged in a fitter state.”

At the heart of Air BP’s ability to grow through these difficult times is a strategy called “The Six Strands of Growth”. Air BP supplies over eight billion gallons of aviation fuels and lubricants to customers at 4,000 airports and supply points in over 90 countries, making it a truly global enterprise. Fuel contracts are typically awarded for 12 months, so to make sure all these varied buyers come back for more, the company goes that extra mile to ensure long-term relationships, which will stand firm in times of adversity.

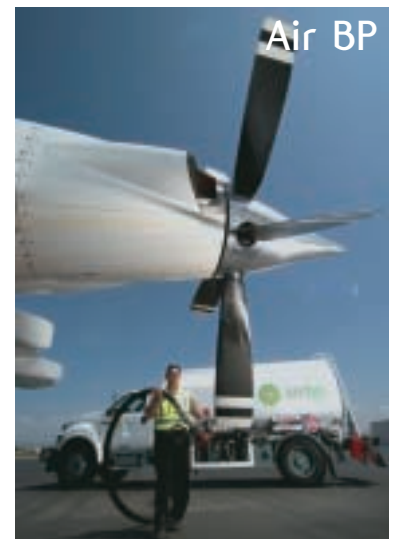
“We are in a unique position in that Air BP has always been a global company,” explains Dev Sanyal, who took over as CEO in November 2003. “It has never been UK-centric. We have operations in over 90 countries and, in the main, our business is run by locally recruited employees on the ground, who know the language and culture, and who can form lasting friendships with customers.

“In order to negotiate, you really have to know

how the airline buys its fuel and what it requires dynamically. And you’re only going to know this if you know the people very well – so you spend time with them.”

Peter O’Callaghan, based in Chicago as Air BP’s sales and marketing director, believes the company’s ability to listen and deliver is what has given it the edge during the testing times. “In the US, the industry was especially hard-hit by 9/11, on top of a slow-down in the market following the ‘dot com’ boom and bust. We have since been able to build up a stronger position with our customers as we reacted to their problems with empathy and flexibility. It has been a pre-requisite for many years that our account holders are able to act with an entrepreneurial remit and many new ventures have been secured by listening to customers’ problems and finding a solution.





Wide-ranging: Air BP has played a part in all manner of diverse projects including fighting bush fires, left; the company worked with EasyJet during the airline's early years, below.

“This has been true in many parts of the world, for example our market entries in Eastern Europe and South America, where we have shown great ingenuity and speed of response. It is the benefit of having a truly global tradition – that we can see the world map as a chessboard. They say imitation is the sincerest form of flattery and it is interesting that our competitors have also adopted this global mindset.”

Aviation fuel is described as the ultimate commodity business – to the extent that Air BP will form joint ventures with competitors to share delivery – and so relationships can make the difference. “If you have helped a start-up carrier get established or resolved a particular problem for a client in a tricky location, then those companies will remember it,” says Kate Warren, Air BP’s marketing strategy manager, quoting the example of EasyJet, one of the leading low-cost airlines in the UK. Air BP saw the company’s potential as a fledgling airline and worked with the airline in its early years to provide it with refuelling solutions at the new destinations to which the airline was starting to operate. “There is loyalty in this business, which can result in customers allowing you first look at an opportunity and last chance to match a competitor’s offer in a tender. That said, good relationships are certainly not about always saying yes.”

The strength of these relationships was truly tested following each of the various disasters to rock the

airline industry. Many customers were desperate for financial credit to stay afloat, and while it may have been more expedient to be risk averse, Air BP opted for long-term investment. “This may sound a little trite, but without customers we wouldn’t exist: we remind ourselves and our staff of this literally every day,” says Sanyal. “We all ultimately exist at the whim of the market.”

The external network of customers is complemented by an internal network of communication. If there is a success story in one country, then that experience is shared across the company. Likewise, competitor activity is monitored and relayed through the different assets and functions to identify trends or areas of improvement. “As with other international organisations, you might expect our philosophy to be: ‘think global, act local’. In fact, Air BP holds the opposite view: ‘think local and act global’,” said Sanyal. “There is a huge amount of connectivity so people seldom feel that they are in a job that is isolated from the rest of the global team.”

Compared with other big companies, and even other business units within BP, Air BP has enjoyed an uncommonly high staff retention rate. “As BP →

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moves into a period of organic growth,” says Peter O’ Callaghan, “so it realises the benefit of retaining staff who have the deep set values expected of their roles. Air BP has always been an exception where there are people higher up in the company who have experience of a certain account and who remain in contact with that customer. It tends to act as a safety net for anyone new as there are half a dozen folk who know the history of any given account.”

Thirty-eight-year-old Sanyal first cut his teeth in industry at Air BP and was delighted to return to the fold as CEO (incidentally, this is the first time an Air BP alumni has held this position). He talks of the company as a family business, where account holders are encouraged to think for themselves and seek customers where competitors might shy away. “But however important individual relationships may prove, unless we deliver they count for nothing,” he said. “No matter how personal a relationship may be between buyer and seller, the relationship is still between two companies.” In this century, Air BP has consolidated its partnerships with the biggest players in the industry and remains one of the top providers of aviation fuel. Following the acquisition of ExxonMobil’s aviation lubricants business, the company is now the world’s leading turbine oil supplier to commercial airlines.

Air BP recently won a contract from Rolls-Royce in the UK, the world’s second largest engine maker, to meet its complete fuel requirements, while the company has long-standing ties with British Airways and will cement that relationship with the building of the Terminal 5 fuel facilities, BA’s future terminal at Heathrow. At T5, Boeing 747s will be able to re-fuel at 7,500 litres a minute, while the new Airbus A380 (whose inaugural flight was enabled by Air BP lubricants) will fill up at 8,000 litres a minute. At that rate a family saloon would take under half a second to fuel! Air BP has been involved in airport design at Heathrow since 1960 and this experience has already paid dividends in the fuel facilities at the new Guangzhou Airport in China, where Air BP provided engineering expertise.

However, if you ask Dev Sanyal what he would most like to see improve in the future, and he has just one word: safety. His vision is for a ‘safety first’



Market forces: High oil prices have impacted the aviation industry.



culture in Air BP that will give it an extra edge over competition, whilst safeguarding members of the ‘family’. “HSE is the platform for everything else that makes a business successful. I really believe that,” he told the quarterly in-house magazine Operations Excellence, which has a section on company accidents across the world and corresponding lessons to avoid repeat. “Putting safety and welfare of our people above all else is what our customers and our shareholders want, but most importantly it is the right thing to do.”

He speaks with pride of the Middle East operations delivering over 3 years without incident or the record of 4.9 million accident-free man hours at Guangzhou. Under his watch, the annual number of near miss reports – when an employee flags up a potential hazard or close shave – has risen from 472 to 12,967 annually! He has also introduced a quarterly award for the best near miss report that gives a valuable source of insight and data for the prevention of further incidents. For example, Paul Mampilly, Air BP supervisor in Sharjah, won an award this year for intervening when he heard a strange noise coming from the back of a plane. It turned out to be a crewman locked in the cargo hold and a potential fatality was avoided.

Commercial airlines, as well as military contracts, may be more high profile ventures, but for scores of private fliers, helicopter franchises and emergency services, Air BP is equally important. With a colourful history stretching back

Out of this world: Air BP's lubricants has developed special chemically inert and highly stable greases, which are used on space vehicles including the space shuttle.



to the pioneering days of air adventure, Air BP can proudly say it has played a part in all manner of diverse and unlikely projects. Whether it is the Flying Doctors in the Australian outback; air ambulance rescue missions in the Swiss Alps or Scottish Highlands; fighting bush fires in Portugal or the States: lives and property are saved worldwide with Air BP fuel.

In Australia, Air BP had the foresight to back a company that specialises in cleaning and maintaining huge power lines...from the air. These astonishing helicopters hover above and between electricity cables to allow Aeropower's engineers access with power hoses or tools. The business has taken off to the extent that operations are now conducted in Hong Kong, Israel, Papua New Guinea, New Zealand and South Africa.

The skies are certainly not the limit either, as Air BP's lubricants are going into orbit. The company has developed special 'perfluoropolyether' greases, which are chemically inert and highly stable, offering exceptional performance in hostile and extreme vacuum environments such as space. These greases are used on spacesuits, micro-bearings, connectors and valves on satellites and space vehicles, including the Mars Rover and Space Shuttle.

NASA also commissioned Air BP to design a synthetic hydrocarbon fluid used on space shuttles in the main hydraulic system and the back brake

assembly. This 'superclean' fluid is filtered to a very high level of cleanliness thereby ensuring ultimate performance.

Air BP's ability to react quickly to situations in all areas of the globe was fully tested during last year's chilling tsunami disaster in Asia. With emergency services stretched and air lift often the only means of escape or rescue for thousands of stranded people, it needed swift action from Air BP staff to provide fuel solutions. Amazingly, it was just a four-strong team in Dubai, all members of the 24-hour help team, that coordinated hundreds of unscheduled flights to the trouble spots.

Known as the Incredibles, the team took the decision to grant an advance of funds to affected countries such as India, Sri Lanka and the Maldives, while fuel providers in the stricken areas worked round the clock to keep the emergency aircraft flying. The tsunami tragedy alone tripled the annual number of unscheduled flights fuelled by the Dubai team.

Despite the turbulent start to the decade, Air BP had the right customer relationships in place to come through the storms in even better shape. With a telling presence in the new markets of India and China, the company is set to fuel expansion in this growth industry. For as long as there is a desire to broaden horizons and see the world **BPM** there is an exciting future ahead for Air BP.

● *Ian Valentine is a feature writer based in Gloucestershire with a background in nature and conservation.*